

Message Text

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ORIGIN AF-10

INFO OCT-01 ISO-00 EB-08 SSO-00 INRE-00 CAB-02 CIAE-00
COME-00 DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00
L-03 NSCE-00 SS-15 H-01 /050 R

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FM SECSTATE WASHDC
TO AMEMBASSY KINSHASA IMMEDIATE

C O N F I D E N T I A L STATE 096728

E.O. 11652: GDS

TAGS: EAIR, CG, US

SUBJECT: PAN AM'S ZAIRIAN OPERATIONS

REF: A) KINSHASA 3619 B) KINSHASA 3641

1. WE DISCUSSED PANAM THINKING ON ZAIRE PROBLEM EXTENSIVELY WITH JOE GATT APRIL 14. GATT TELLS US THAT NO ADVERSE ACTION WILL BE TAKEN BETWEEN NOW AND APRIL 21 (IF THEN) WHEN AF/C DIRECTOR WILL MEET WITH HIM AND OTHER PANAM OFFICIALS IN NEW YORK ON GATT'S RETURN FROM EUROPEAN TRIP EARLIER PART OF THAT WEEK.

2. GATT SAID THAT THERE IS STRONG SENTIMENT AMONG SENIOR PANAM OFFICIALS TO DISCONTINUE ZAIRE SERVICE IF GOZ IS NOT WILLING TO AGREE TO 230,000 DOLLARS MONTHLY RATHER THAN PRESENT OFFER OF 115,000 DOLLARS. SENIOR PANAM FINANCIAL PEOPLE RECOGNIZE THAT SERVICE IS PROFITABLE (PROVIDED THEY COULD GET THE DOLLARS OUT) AND THAT
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DISCONTINUATION OF SERVICE WOULD ALMOST SURELY MAKE IT "A LONG TIME" BEFORE THEY COULD HOPE TO RECOUP THE 2.7 MILLION DOLLARS REVENUE NOW DUE. NEVERTHELESS THEY FEEL THEY MUST HAVE THE LARGER CASH FLOW OR CONSIDER DISCONTINUATION.

3. PANAM APPEARS LESS CONCERNED ABOUT OTHER AMOUNTS DUE

THEM FROM ZAIRE: 423,000 DOLLARS INTER-LINE FROM AIR ZAIRE; 867,000 DOLLARS FOR TECHNICAL ASSISTANCE, AND 259,000 FROM HOTEL. THE 2.7 MILLION DOLLARS IS PANAM'S POINT OF FOCUS SINCE THE AMOUNT REPRESENT QUOTE 13 PER CENT OF PANAM'S TOTAL INTERNATIONAL RECEIVABLES UNQUOTE.

4. GATT NOTED THAT THERE ARE OTHER ELEMENTS IN THE EQUATION. HIS TRIP TO EUROPE NEXT WEEK IS IN CONNECTION WITH CLOSING A MULTI-MILLION DOLLAR LOAN FOR THE HOTEL AND/OR APARTMENT COMPLEX IN KINSHASA, AND PANAM IS INTERESTED IN ASSISTING MOLEKA GROUP WITH DEVELOPMENT OF NEW PRIVATE AIRLINE. AT SAME TIME PANAM IS PLANNING SWITCH TO 747'S BUT HAS NOT YET QUOTE PUSHED THE BUTTON UNQUOTE WHICH WOULD PUT NECESSARY EXPENSIVE GROUP EQUIPMENT INTO KINSHASA AIRPORT, PENDING RESOLUTION CURRENT ISSUE.

5. FYI WE HAVE VERY CLEAR IMPRESSION FROM GATT AND OTHER PANAM OFFICIALS THAT QUESTION OF SUSPENSION OF SERVICES IS STILL VERY MUCH UP IN THE AIR AMONG PANAM DECISION-MAKERS. IF BOFOSSA AGREES TO DOUBLE HIS OFFFR (TO 230,000 DOLLARS MONTHLY) AND ADHERES TO IT UNTIL OCTOBER (AS WELL AS REMAINING CURRENT ON MONTHLY BASIS), CRUNCH MAY WELL BE AVOIDED. IF, HOWEVER, HE OFFERS LESS PANAM DECISION PRESUMABLY WOULD BE INFLUENCED BY COLLATERAL MATTERS SUCH AS PROGRESS OF IMF STANDBY NEGOTIATIONS AND CONFIDENTIAL

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PROGRESS OF PRIVATE BANK LOAN. END FYI. CHRISTOPHER

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